



MOBILE COMMERCE REVOLUTION

Business Success in a Wireless World

TIM HAYDEN
TOM WEBSTER



The Mobile Commerce Revolution

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**TIM HAYDEN
TOM WEBSTER**

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The Mobile Commerce Revolution: Business Success in a Wireless World

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Dedication

To our sons, Graeme and Sam, who may each prosper with a life full of adventurous experiences in the Age of Mobility.

Acknowledgments

From Tom:

I would like to thank Larry Rosin, Joe Lenski, and the amazing team at Edison Research, who always get it right.

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Not a word would be on these pages if my wife, Halea, did not let me gamble on new ventures, grant me her support, and extend her patience with me when there is no patience left to extend. She is My Love and my fuel for the long twisting road that is life, and the tank would be empty without her in my heart.

From Tim and Tom:

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Introduction

The title of this book uses a bold word: Revolution.

We often think about revolutions as political, religious, or socioeconomic debates that escalate into warfare. But a revolution can also apply to human behavior. All you need is for some kind of fundamental shift to happen, and for that shift to happen quickly. This book describes just such a shift—one that is happening rapidly and changing the face of worldwide cultures and economies, consumer attitudes, and business structure. We are now in the dawn of the mobile commerce revolution, complete with multisided battles, intense competition, and a hard-fought pursuit to define the future.

As you read in this book, the desktop era is dying. And along with its death and the growing maturation of the Age of Mobility, this new reality is set to alter everything.

Life changed dramatically with the advent of mobile phones, wireless Internet service, and a plethora of utilitarian apps available almost everywhere we go. Do you remember your first smartphone and the feeling of total liberation you felt? You were no longer tied to your office or home computer! You could check your email at lunch, or leave the office early, or let your spouse know you would be home late. In short, even then, smartphones changed your behavior.

As smartphones have become ubiquitous, however, they are used for far more than simply catching up with the office email. Today, we can negotiate prices with the babysitter via text message, pay the yard guy with PayPal, book a hotel that's nearby and vacant the moment we need it, and open a bar tab miles away to buy a friend a beer—from near anywhere at anytime.

Mobile technology has made a tremendous impact on our lives, and more disruption, both positive and challenging, is on the way. The revolution has just begun—and it's far more than simply a technological revolution.

Why We Wrote This Book

Las Vegas, Nevada, deserves much of the credit for Tim's fascination with mobile technology. In 2004, Tim attended the International Consumer Electronics Show (CES) for the first time. CES carries the reputation—true or not—of being North America's largest tradeshow and the world's "see-what-we've-been-dreaming-up" launch zone for consumer gadgets, appliances, and lifestyle electronics. Prior to attending, in August 2003, Tim sat in a small conference room in Overland Park, Kansas, where he was presenting a guerrilla marketing stunt idea to the Bluetooth Special Interest Group (SIG) that would steal the show at the 2004 CES. The effort was to drive awareness for Bluetooth-enabled products such as Logitech keyboards, the 2004 Acura, and new BMW models that would have the technology as a standard feature for hands-free cell phone use.

On that day in Kansas, though, Tim's views of marketing and consumer behavior were forever altered when one of the SIG board members told him that in parts of France and Scandinavia people already pay for groceries via Bluetooth. Some time later, another SIG board member told him that the Japanese were troubled with Bluetooth earpiece users because in Japanese culture you are considered crazy or possessed if you walk around talking to yourself. From that point on, Tim became much less focused on the technology and more focused on what people do—or don't do—with their newfound pocket computers.

In January 2007, Tim received a call from his then business partner, Keith Dudley, who was in San Diego to oversee the launch of Dell's sponsorship of Justin Timberlake's FutureSex/LoveSound tour. After seeing thousands of teenage girls at the event all capturing photos and video on their phones, Keith was struck with the potential opportunities provided through text messaging. He recognized that we could extend the experience before, during, and after the concert. At that moment, Tim and Keith shifted their entire view of event marketing, retail, and other live experiences. They saw it all as a *series of moments for a brand to be present*.

Tim's agency at the time, GamePlan, called it Live + Mobile + Online (see Figure 0.1).

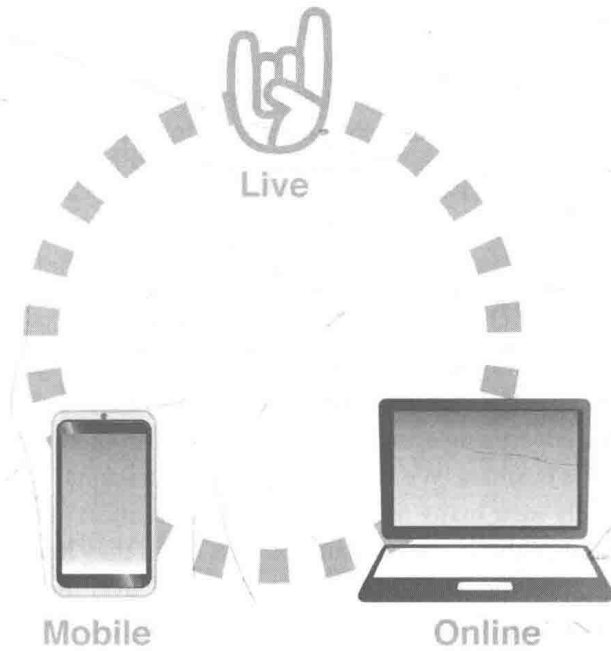


Figure 0.1 *A simple illustration from 2007 to show the interdependence of offline experiences and digital media.*

It was precisely this complex interplay between online and offline behavior that first interested Tom. Tom has been tracking smartphone usage, consumer adoption of mobile technology, and the seismic shifts mobile technology caused in human behavior since 2006. As a professional market researcher, Tom began to realize that the increasing ubiquity of mobile technology was changing the ways in which people behave, and changing those behaviors faster than even the initial advent of the Internet did.

Much of Tom's work involves measuring advertising and marketing effectiveness on behalf of agencies and brands. One of the growing challenges faced by Tom's clients is the need to square all the online clickstream data that businesses are now "blessed" with having with consumer behavior in the *offline* world. In other words, did a banner ad that nobody clicked on (and is therefore seemingly ineffective) actually contain a message that drove someone to a retail location? Did an "untrackable" Twitter message influence someone's decision to test-drive a car? Calibrating online and offline data is one of the main challenges for any company that inhabits both spaces, and what Tom rapidly realized was that one of the keys to bridging the gaps between that data is mobile technology—after all, in many countries today, the majority of the population is *never* truly offline, thanks to the Internet in our pockets.

Where Tim and Tom violently agree is this: The ability to access information about nearly anything was just the beginning of the impact of the mobile Internet—the ability for a consumer to get the answer to a question nearly instantly, no matter where he is, has led to a behavioral shift in *other* things consumers expect to be able to do anywhere, anytime. And that has implications for business that go well beyond marketing.

It's Not Just Marketing

Mobile commerce is being defined with many different meanings by the most diverse system of stakeholders, not limited to incumbent technology vendors, bankers, retailers, advertising agencies, and aspiring 20-something technologists who've never run a business. We have friends and professional acquaintances who either fit or proudly wear many of these labels, and countless other social media networks, payment enablers, and telecom carriers claim they have it all figured out. There is no doubt that the battle will be long and fierce over the potential profits in mobile payments and transactions, and ultimately the customer will win.

Yet, the mobile commerce revolution is as much about society as it is about business. This may be lost on many who will either flourish or perish at the hands (and thumbs) of an always-on, always moving, untethered audience. From politics to travel to healthcare and retail, the world is undergoing a dramatic shift, thanks to widespread global adoption and usage of smartphones, tablet computers, and other mobile devices. This phenomenon is happening today and is not limited to the young or to the old, to the haves or to the have-nots, and this change does not discriminate by industry or tenure. The mobile commerce revolution affects us all, and there's no better time than now to begin to adapt to capitalize, survive, and succeed.

Mobile is a very deep and broad industry that grows and changes every day, if not every hour. Consider that year-over-year mobile data traffic grew 81% in 2013 (after growing 70% in 2012¹), and more than 30% of smartphone users have owned their devices for less than 12 months.² You can see within those two numbers that mobile adoption is happening fast. Smartphone ownership has grown 500% in five years, and today 61% of Americans aged 12 years and older own a smartphone.³

1. Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012–2017 http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/white_paper_c11-520862.html.

2. Edison Research, “The Smartphone Consumer 2012.” <http://www.edisonresearch.com/home/archives/2012/06/the-smartphone-consumer-2012.php#.U82FwWSwL6w>.

3. “The Infinite Dial 2014,” Edison Research and Triton Digital. <http://www.edisonresearch.com/home/archives/2014/03/the-infinite-dial-2014.php#.U82GvmSwL6w>

Consider that there are more mobile phones on the planet than there are people, and you cannot escape the conclusion that mobile is powering a fundamental shift in the way we shop, live, and communicate with each other.

Today, there is a land rush to build apps, software as a service (SaaS), payment, and media networks that create news and not-always warranted excitement for innovation and the future, unlike any industry in history. In fact, it's hard to even call mobile an "industry," which is why the title of this book invokes a better term: a revolution.

So, What Is This Book About, Really?

This book explains the vast changes to business associated with the adoption of mobile devices and their ubiquitous use. Case studies and expert viewpoints help you understand related challenges and opportunities and help you formulate solutions and tactics to leverage the age of mobility that is now upon us.

Yes, within these pages you find plenty of data to help you grasp the magnitude of smartphone (primarily) and tablet usage to find and buy things and make payments. However, in the words of the German poet Heinrich Heine, you cannot feed the hungry on statistics. Instead, we aim to provide the stories those numbers tell, and the decisions they may help you make.

If you own a business or are responsible in any way for either sales or marketing in someone else's business, this book helps you understand the dynamic shifts in consumer and purchase behavior resulting from wireless device use. Every business is different when it comes to audience or customer behavior and purchase habits, so our goal is to provide you with usable coordinates for weaving mobile technology and strategy into your marketing mix.

If you work for an agency or you are a consultant, this book helps you understand the urgency of advising clients with new strategies that address the aforementioned related challenges and opportunities. This may include direction on responsive web design, mobile applications, direct-response marketing, mobile payment solutions, and location-based tactics that leverage everything from Foursquare and Facebook to billboards and napkins.

We also include some case studies and stories for how brands such as Wells Fargo, Publicis Groupe, Torchy's Tacos, Diane von Furstenberg, and others, such as farmers in Kenya, are seeing success—and challenges—with their mobile investments.

And finally, our real goal with this book is not to help you with a “mobile strategy”—it’s to get you to holistically consider your entire business differently and predict the future with a little more clarity. All of this and more is jam-packed into the next 19 chapters for you to learn how to capitalize at the intersection of mobile marketing and digital commerce.

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